

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
BellSouth Corporation Petition for Rulemaking	)	RM-11299
To Change the Distribution Methodology for	)	DA 05-3008
Shared Local Number Portability and	)	
Thousands-Block Number Pooling Costs	)	

**COMMENTS  
OF THE  
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

The National Telecommunications Cooperative Association (NTCA)<sup>1</sup> submits these comments in support of the BellSouth Corporation (BellSouth) petition for rulemaking to change the distribution methodology for shared local number portability (LNP) and thousands-block number pooling costs.<sup>2</sup> NTCA agrees with BellSouth that the current method of determining how much each provider will pay to cover the shared industry costs of LNP and thousands-block number pooling is outdated and no longer meets the statute's requirement of competitive neutrality. NTCA urges the Commission to begin a rulemaking proceeding examining a usage-based mechanism for allocating costs.

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<sup>1</sup> NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents more than 560 rural rate-of-return regulated telecommunications providers. All of NTCA's members are full service incumbent local exchange carriers (ILECs) and many of its members provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). NTCA's members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

<sup>2</sup> BellSouth Corporation Petition for Rulemaking to Change the Distribution Methodology for Shared Local Number Portability and Thousands-Block Number Pooling Costs (filed Nov. 3, 2005) (Petition).

LNP and thousands-block number pooling is costing rural telecommunications carriers hundreds of thousands of dollars.<sup>3</sup> It will continue to cost the rural carriers as they incur their portion of the shared industry costs. Currently, providers incur shared industry costs based upon their proportion of end-user revenues for the particular region in which they are situated, rather than actual usage. The shared industry costs of LNP and thousands-block number pooling continue to rise as porting and pooling activity increases. Notwithstanding the increase in the amount of porting and pooling activity, rural ILECs are less likely than the competitors to be in the position to take advantage of the services. Therefore, the amount of money being spent by rural ILECs for porting and pooling is disproportionately higher than the amount of shared industry costs they generate. Regulation forces rural ILECs to absorb costs that benefit their competitors. Further, NTCA's members, like other incumbent local exchange carriers, are facing declining revenues. There are wireless, cable, and IP-based providers competing for the traditional telephone revenues. The declining revenues and rising costs mean that an escalating percentage of ILECs revenues is being used to cover the costs of LNP and thousands-block number pooling.

As BellSouth explains, circumstances have changed dramatically since the Commission first established its cost distribution and recovery rules for long-term number portability.<sup>4</sup> What was considered "competitively neutral" in 1998 now benefits competing carriers while harming rural ILECs. The Commission adopted a revenues-based mechanism out of concern that usage-based charges would hamper a provider's

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<sup>3</sup> NTCA's ILEC members are currently subject to a stay of the LNP porting requirements as per *USTA v. FCC*, 400 F. 3d 29(C.A.D.C. 2005), but many have already upgraded systems to be LNP capable or expect to do so in the near future.

<sup>4</sup> BellSouth Petition, p. 11.

ability to compete for subscribers. The competitors are now well-established in the telecommunications marketplace. As BellSouth demonstrates, there is no evidence that a usage-based charge would harm CLECs, but ample evidence that the current cost allocation methodology harms the non-CLEC providers.<sup>5</sup>

It is time for the Commission to re-examine the methodology, set forth in section 52.32 of the Commission's rules, for distributing the shared costs of LNP and thousands-block number pooling among service providers. NTCA agrees with BellSouth that the Commission should initiate a rulemaking to replace the current method of allocating shared industry costs for LNP and pooling among service providers based upon end-user telecommunications revenues with a usage-based mechanism that requires carriers to pay for those LNP and pooling costs that they cause.

Respectfully submitted,

NATIONAL TELECOMMUNICATIONS  
COOPERATIVE ASSOCIATION

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<sup>5</sup> See BellSouth Petition, p. 18.

## CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Comments of the National Telecommunications Cooperative Association in RM-11299, DA 05-3008 was served on this 5th day of January 2006 by first-class, United States mail, postage prepaid, or via electronic mail to the following persons.

/s/ Gail Malloy

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